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9/2001	Scott C. Harris	RTA2/SCH	7624
01/19/2005		EXAMI	INER
SCOTT C HARRIS		KYLE, CHARLES R	
2		ARTUNIT	PAPER NUMBER
SAN DIEGO, CA 92192		3624	
	01/19/2005	01/19/2005	01/19/2005 EXAM KYLE, CH 2

Please find below and/or attached an Office communication concerning this application or proceeding.

	Application No.	Applicant(s)		
	09/780,248	HARRIS, SCOTT C.		
Office Action Summary	Examiner	Art Unit		
	Charles R Kyle	3624		
The MAILING DATE of this communica Period for Reply	tion appears on the cover sheet w	ith the correspondence address		
A SHORTENED STATUTORY PERIOD FOR THE MAILING DATE OF THIS COMMUNICA - Extensions of time may be available under the provisions of 3 after SIX (6) MONTHS from the mailing date of this communical fit the period for reply specified above is less than thirty (30) do if NO period for reply is specified above, the maximum statute Failure to reply within the set or extended period for reply will. Any reply received by the Office later than three months after earned patent term adjustment. See 37 CFR 1.704(b).	ATION. FOR 1.136(a). In no event, however, may a leation. Says, a reply within the statutory minimum of thir orry period will apply and will expire SIX (6) MON. By statute, cause the application to become Alean	reply be timely filed ty (30) days will be considered timely. ITHS from the mailing date of this communication. BANDONED (35 U.S.C. § 133).		
Status				
1) Responsive to communication(s) filed	on <u>12 February 2001</u> .			
• • • • • • • • • • • • • • • • • • • •	☐ This action is non-final.			
Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under <i>Ex parte Quayle</i> , 1935 C.D. 11, 453 O.G. 213.				
Disposition of Claims				
4) ⊠ Claim(s) <u>1-31</u> is/are pending in the app 4a) Of the above claim(s) is/are 5) □ Claim(s) is/are allowed. 6) ⊠ Claim(s) <u>5-31</u> is/are rejected. 7) □ Claim(s) is/are objected to. 8) ⊠ Claim(s) <u>1-4</u> are subject to restriction a	withdrawn from consideration.			
Application Papers				
9) The specification is objected to by the E		by the Examiner		
10) The drawing(s) filed on is/are: a) accepted or b) objected to by the Examiner. Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).				
Replacement drawing sheet(s) including th	e correction is required if the drawing	(s) is objected to. See 37 CFR 1.121(d).		
11)☐ The oath or declaration is objected to b	y the Examiner. Note the attache	d Office Action of form F10-132.		
Priority under 35 U.S.C. § 119				
12) Acknowledgment is made of a claim for a) All b) Some * c) None of: 1. Certified copies of the priority do 2. Certified copies of the priority do 3. Copies of the certified copies of application from the Internationa * See the attached detailed Office action for	ocuments have been received. Incuments have been received in Another the priority documents have beer all Bureau (PCT Rule 17.2(a)).	Application No received in this National Stage		
Attachment(s) 1) Notice of References Cited (PTO-892)		Summary (PTO-413)		
 2) Notice of Draftsperson's Patent Drawing Review (PTO 3) Information Disclosure Statement(s) (PTO-1449 or PT Paper No(s)/Mail Date 11/18/2003. 	9-948) Paper No	s)/Mail Date Informal Patent Application (PTO-152)		

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DETAILED ACTION

Election/Restrictions

Claims 1-4 are withdrawn from further consideration pursuant to 37 CFR 1.142(b) as being drawn to a nonelected group, there being no allowable generic or linking claim. Election was made without traverse in the telephone call to Scott Harris on January 10, 2005.

Claim Objections

Claims 20-31 are objected to because of the following informalities: Two Claims numbered 20 are presented. The second Claim 20 through Claim 31 are renumbered 21-32 for purposes of examination. Appropriate correction is required.

Additionally, the Claims generally are related to online auction and recite varying limitations; these limitations are known and fundamental to auctions as described in the rejections. The Claim language clearly fails to recite any limitation that could be construed as novel or unobvious. Applicant is advised, when amending, to present inventive concepts which recite such novel or unobvious limitations directed to a single invention so as to avoid restriction.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 5-8 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as

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the invention. They recite the phrase "allowing each of a plurality of users to submit bids", which does not clearly recite that users actually submit bids; it is viewed as not limiting.

Claims 15-19 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. They recite the phrase "allowing entering either a bid...", which does not clearly recite that entering a bid actually occurs; it is viewed as not limiting.

The Claims have been examined to the best of the Examiner's ability given the condition of the Claims.

Claim 29 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "allowing a seller to select an amount of time...", which does not clearly recite that sellers actually do select; it is viewed as not limiting.

Claim 31 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "accepting bids in a first way which keeps bids at a low level less than a maximum bid but high enough to win a specified auction and said treating comprises accepting bids at a maximum without keeping them at a said low level". No "second" way is recited, leaving the Claim incomplete; the high and low levels are vague and indefinite. One of ordinary skill in auction arts would not know how to determine such bidding levels. The condition of the Claim precludes application of prior art in an art rejection.

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Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 5-8, 15-17 and 28-32 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See In re Musgrave, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See Diamond v. Diehr, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a

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"useful, concrete and tangible result." See State Street Bank & Trust Co. v. Signature Financial Group, Inc. 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See In re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In Toma, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to Gottschalk v. Benson, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In re Toma at 857.

In Toma, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on

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novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under °101, but rather under §§102, 103 and 112." See State Street Bank & Trust Co. at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in Toma. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in Toma because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the Toma test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001), non-precedential but cited for its reasoning.

In the present application, Claims 5-8, 15-17 and 28-32 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. The steps of definition and bid submission and other recited steps could be performed manually. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts, such as incorporating a computer network or electronic network into the communicating steps; for example: "(a) communicating over a computer network a plurality of brand promotions..." The other claims could be similarly amended to include a computer network.

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Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 5-7 are rejected under 35 U.S.C. 102(e) as being anticipated by US 6,285,989

Shoham.

With respect to Claim 5, Shoham discloses the invention as claimed including in a method, the steps of:

allowing each of a plurality of users to submit bids for a specified item being auctioned (Col. 1, line 35 to Col. 2, line 3), said bids being submitted from any of a number clients (Fig. 2, Col. 11, lines 36-56) over a network (Fig. 2, ele. 113) to a server which collects said bids (Col. 5, lines 29-35); and

defining rules for actions in said auction (Col. 5, line 65 to Col. 9, line 27), said rules including at least a time when the action will take place, and an actual action that will take place at the defined time (Col. 6, lines 40-51; Col. 10, Col. 10, lines 26-45).

Concerning Claim 6, Shoham disclsoes bids to take place at a defined time at Col. 6, lines 40-51.

With respect to Claim 7, Shoham discloses overriding a bid at Col. 2, lines 29-34.

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Claims 15, 16 and 19 are rejected under 35 U.S.C. 102(e) as being anticipated by US 6,012,045 Barzilai et al.

With respect to Claim 15, Barzilai discloses the invention as claimed including in a method, the steps of:

displaying an item for sale by auction over a network (Fig. 5);

and

entering either a bid for said item (col. 12, line 29 to Col. 14, line 59).

Concerning Claim 16, Barzilai discloses automatic updating of sale items at Col. 10, line 34 to Col. 11, line 30.

With respect to Claim 19, Barzilai discloses the use of the Internet at Objects of the Invention.

Claims 28 is rejected under 35 U.S.C. 102(e) as being anticipated by US 2001/0032175 Holden et al.

With respect to Claim 28, Holden disclsoes the invention as claimed, including in a method the steps of:

conducting an auction over a network by accepting bids for items, and establishing a highest bid for an item as winning bid (Summary of the Invention); and

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treating a bid received within a predetermined period of time before an end time of an auction less favorably than bids received prior to said predetermined period (para. 83).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 8 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,285,989

Shoham in view of eBay Help: Basics: FAQ: Auction Formats, hereinafter, Formats.

With respect to Claim 8, Shoham discloses the invention substantially as claimed. See the discussion of Claim 5. Shoham does not specifically disclose rules kept secret until a defined time. Formats discloses the reserve price auction at page 1" What I a Reserve Price Auction", where a reserve price is kept secret until a defined time (the time at which bids meet or exceed the reserve price). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Shoham with a secret rule, such as that of Formats because this would allow a seller to not sell at an unacceptably low price.

Claims 9-11 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,285,989 Shoham in view of US 5,978,842 Noble et al.

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With respect to Claim 9, Shoham discloses the invention substantially as claimed, including in a method of conducting an auction over a network (Col. 2, line 50 to Col. 4, line 34), the steps of

for any particular auction, sending information from a server computer to a local computer, which information enables the local computer to carry out some function associated with bidding on an item (Col. 5, lines 29-35);

making a decision accept or reject a new bid from a user (Col. 5, lines 29-35; Col. 6, lines 10-21) and sending information about the new bid to the server computer (Figs. 4, 7; Col. 12, lines 7-21).

Shoham does not specifically disclose that the acceptance of bids is offloaded to the client (trader) and that transmission is done only if the bid is acceptable. Noble discloses such offloading ay Col. 6, lines 35-47 and Col. 12. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Shoham with the distributed processing of Noble because this would avoid server overloads and resulting auction delays. It would further have been obvious to not transmit unacceptable bids to the server because this would reduce unnecessary network traffic and avoid increased processing times.

With respect to Claim 10, Shoham does not specifically disclose accepting a bid after comparison to a highest bid. Official Notice is taken that it was old and well known at the time of the invention to perform such a comparison in an English auction to accept only bids higher than a current high bid. Foe example, it was known for an auctioneer to continually ask for increasing bids so as to maximize sellers take from a sale. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Shoham to include such a

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comparison to obtain a new higher current bid because this would make an auction must profitable to a seller. As to the limitation of sending only improved bids, see the discussion of Claim 9.

With respect to Claim 11, Shoham discloses updating with new information at Col. 12, lines 78-21.

Claims 12-14, 23-24 and 27 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,012,045 *Barzilai et al* in view of *Auction This!*.

With respect to Claim 12, see the discussion of Claim 15. Barzilai does not disclose an automatically winning bid price amount. Auction This! discloses this limitation at page 136, "Buy Price Auctions". It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Barzilai to include the automatically winning bid price amount of Auction This! because this would allow a buyer to avoid bidding and the risk of loss by buying at such an assured price.

With respect to Claim 13, see the discussion of Claim 12 and Auction This! further discloses a reserve price at page 136.

With respect to Claim 14, determining whether a new bid was acceptable (higher than current bid) was old and well known at the time of the invention. *Barzilai* discloses displaying bids at Objects of the Invention. The claim limitations of Claim 134 recite only known and fundamental aspects of auction process.

Concerning Claim 23, see the discussion of Claim 12.

With respect to Claim 24, Barzilai disclsoes a web browser.

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With respect to Claim 27, see the discussion of Claims 23 and 14.

Claims 25-26 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,012,045 Barzilai et al in view of Auction This! and further in view of US 6,415,268 Dinwoodie.

Concerning Claims 25-26, Barzilai discloses the invention substantially as claimed. See the discussion of Claim 23. Barzilai doers not disclose the use of video to form view parts or streaming video. Dinwoodie discloses the use of such video in an auction at Col. 6, lines 19-29. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Barzilai to sue video presentation of information because users obtain most information visually.

Claims 17 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,012,045 Barzilai et al in view of US 5,847,971 Lander et al.

Concerning Claim 17, see the discussion of Claim 15. Barzilai does not specifically disclose that an item for sale is presented in a three-dimensional view. Lander discloses this limitation at Col. 4, lines 36-47. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Barzilai to include such a display because this would allow a bidder to obtain a more complete appreciation of the appearance of an item to be bid on (All sides could be seen, not just one).

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Claims 18 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,012,045

Barzilai et al in view of US 6,101,498 Scaer et al.

Concerning Claim 18, see the discussion of Claim 15. Barzilai does not specifically disclose that a screen tip is used to display information. Scaer discloses this limitation at Summary of the Invention. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Barzilai to display bid amounts with the screen tips of Scaer because this would provide a simple and efficient way for a user to obtain bid data otherwise suitably hidden.

Claims 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,285,989 Shoham in view of US 6,101,498 Scaer et al.

With respect to Claim 20, see the discussion of Claim 15. Shoham further discloses server and clients at Figs 2-4 and related text. Shoham does not specifically disclose the use of screen tips. Scaer discloses this limitation at Summary of the Invention. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Shoham to display bid amounts with the screen tips of Scaer because this would provide a simple and efficient way for a user to obtain bid data otherwise suitably hidden.

Claims 21-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,285,989 Shoham in view of US 6,012,045 Barzilai et al and further in view of US 6,101,498 Scaer et al.

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Concerning Claim 21 (second Claim numbered 20), see the discussions set forth above. Shoham does not specifically disclose a current bid. Official Notice is taken that current bids were old and well known at the time of the invention. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Shoham to display a current bid because this would allow bidders know what amount must be bid to become current highest bidder.

With respect to Claim 22, see the discussions of Claims 19 and 20.

Claim 29 is rejected under 35 U.S.C. 103(a) as being unpatentable over US 2001/0032175 Holden et al.

With respect to Claim 29, see the discussion of Claim 28. Holden does not specifically disclose that the predetermined time is defined by the seller. It would have been obvious to one of ordinary skill in the art at the time of the invention to provide such a seller option because this would give the seller control over the anti-sniping process disclosed by Holden.

Claims 30 and 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 2001/0032175 Holden et al in view of US 6,499,018 Alaia et al.

Concerning Claim 30, Holden discloses the invention substantially as claimed. See the discussion of Claim 28. Holden does not specifically disclose that a bidder participating in bids earlier than near the auction end is identified. Alala discloses this limitation at Fig. 8 and related text. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Holden with the bidder identification of Alaia because this would indicate that the

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identified bidder was making good faith bids rather than sniping. Note that *Alaia* is concerned with auction closing times (see at least Abstract), as is *Holden*.

With respect to Claim 32, see the discussion of Claim 30.

Double Patenting

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 14, 5, 7, 6, 8, 5 and 9, 5, 5 and 9, 5, 13, 13 and 8, 13 and 8, 10, 11, 11 and 10 are provisionally rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over Claims 1,2, 3, 4, 5, 6, 8, 9, 10, 13, 14, 15, 18, 19 and 20, respectively, of copending Application No. 09/669,805. Although the Claims are not identical, they are not patentably distinct from each other because they recite, *inter alia*, automatically updating remote system displays and defining rules or time profiles for bidding. This is a provisional double patenting rejection since the conflicting Claims have not yet been patented.

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Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on M-F 6:00-2:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent A Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk January 18, 2005 Examiner Charles Kyle

Clarks Ifi